

ASSEMBLY BILL

No. 2641

**Introduced by Assembly Member Arambula
(Coauthor: Assembly Member Solorio)**

February 19, 2010

An act to amend Section 13305 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2641, as introduced, Arambula. State government: Department of Finance: reporting requirements: tax expenditures.

Existing law requires the Department of Finance to provide an annual report to the Legislature on tax expenditures by no later than September 15 of each year, and requires that annual report to include, among other things, a comprehensive list of tax expenditures exceeding \$5,000,000 in annual cost.

This bill would modify that reporting requirement to instead require the annual report to include a comprehensive list of tax expenditures exceeding \$2,500,000 in annual cost.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 13305 of the Government Code is
- 2 amended to read:
- 3 13305. (a) The department shall provide an annual report to
- 4 the Legislature on tax expenditures by no later than September 15
- 5 of each year. The report shall include each of the following:

1 (1) A comprehensive list of tax expenditures exceeding ~~five~~
2 ~~million dollars (\$5,000,000)~~ *two million five hundred thousand*
3 *dollars (\$2,500,000)* in annual cost.

4 (2) The statutory authority for each credit, deduction, exclusion,
5 exemption, or any other tax benefit as provided by state law.

6 (3) A description of the legislative intent for each tax
7 expenditure, if the act adding or amending the expenditure contains
8 legislative findings and declarations of that intent, or that legislative
9 intent is otherwise expressed or specified by that act.

10 (4) The sunset date of each credit, deduction, exclusion,
11 exemption, or any other tax benefit as provided by state law, if
12 applicable.

13 (5) A brief description of the beneficiaries of the credit,
14 deduction, exclusion, exemption, or other tax benefit as provided
15 by state law.

16 (6) An estimate or range of estimates for the state and local
17 revenue loss for the current fiscal year and the two subsequent
18 fiscal years. For sales and use tax expenditures, this would include
19 partial year exemptions and all other tax expenditures when the
20 State Board of Equalization has obtained that information.

21 (7) For personal income tax expenditures, the number of
22 taxpayers affected and returns filed, as applicable, for the most
23 recent tax year for which full year data is available.

24 (8) For corporation tax and sales and use tax expenditures, the
25 number of returns filed or business entities affected, as applicable,
26 for the most recent tax year for which full year data is available.

27 (9) A listing of any comparable federal tax benefit, if any.

28 (10) A description of any tax expenditure evaluation or
29 compilation of information completed by any state agency since
30 the last report made under this section.

31 (b) For purposes of this section, “tax expenditure” means a
32 credit, deduction, exclusion, exemption, or any other tax benefit
33 as provided for by the state.

34 (c) This section shall become operative on January 1, 2007.

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